

A. STANDARD OFFER GENERATION SERVICE

1.) Section 11.04 (9) (b) (d) (2)

This section states that only a residential or small commercial and industrial customer can return to the standard offer in the first year following the retail access date.

A.I.M. believes that all customers should be given the same opportunity to return to the standard offer in the first year following the retail access date. A residential customer, as well as a large industrial customer, could make a decision the first time out without fully understanding the implications of their actions.

A.I.M. has held various educational seminars on electric industry restructuring and the vast majority of customers, both small and large, have much to learn about this subject. Some of the largest manufacturers in the state have one to two people who must run facilities and also have the responsibility for the energy needs of their company. At this time and in this setting, an individual energy manager is no different than a residential customer lacking the necessary knowledge and experience.

At this point, not a single customer has experience in this area and the electricity market place (unlike gas) is also inexperienced and immature, therefore, all customers should be given the opportunity to return to standard generation service one time in the first year.

B. DEFAULT SERVICE

2.) Section 11.04 (9) (b) (c)

This section states that a customer who moves into a Distribution Company's service territory after the retail access date is not eligible to receive Standard Offer Generation Service, with the exception of low-income customers.

A.I.M. envisions some serious problems with providing default service to customers who move to a new service territory and to new customers moving into the state of Massachusetts this early in the process. There are three reasons why this may pose serious problems: First, substantial price increases. If a customer moves into a service territory with a much higher access charge (i.e., from Massachusetts Electric to Commonwealth Electric) and is then provided the average monthly market price for electricity, this customer could see a dramatic price increase. This situation may certainly cause customers to view restructuring as a mechanism that increases and not decreases costs. This is not what the Legislature envisioned.

This situation is also linked to the second issue which is education. There has been no serious, widespread public education effort as of this point. Will customers have a clue regarding this particular issue on March 2, 1998 when they move into another service territory? Will they know what default service is and that they have the option to call a competitive supplier for a different service? Do businesses that are contemplating moving to Massachusetts understand that

their rates could be higher than what they are today in a state where rates are already 50% above the national average? A.I.M. believes without serious educational efforts in this area, this could be both a real and a public relations disaster for Massachusetts.

Lastly, A.I.M. has serious doubts that there will be a developed market or available suppliers who will provide service for these customers in the short term. Due to the pricing of the standard offer, many suppliers have gone elsewhere or are contemplating providing other services. Moreover, will systems be in place to provide alternative services on March 1, 1998? Due to these situations, in the early months, most if not all customers will be on default service.

A.I.M. asks that the Department re-examine this issue. The Department could deal with it on a case-by-case basis, though this would be cumbersome, or the Department could delay implementation of default service for customers (in situations described above) for a six-month period until there is more public education, the market develops, and it can be determined if suppliers can and will provide such service in the short-term.

C. DISCLOSE, LABELING AND BILL PRESENTATIONS

A.I.M. will speak generally on these issues as they all relate to reducing choices and increasing costs for customers.

Suppliers should have the opportunity to disclose their products on a product-

based basis as well as a portfolio basis. Suppliers should be allowed to provide individual products to customers to determine if the market demands such products. Requiring a bundled portfolio approach means less choices for customers and increased costs if suppliers must provide both a portfolio and a product-based format.

Secondly, suppliers should have options regarding bill presentations. Not all customers may want or require a price per kWh on their bill. Some may prefer a flat monthly rate or other variations. Again, this proposed rule reduces choices for customers.

There must be a balance between consumer protections and the ability of suppliers to enter the market as an “unregulated” entity. There must be rules that suppliers adhere to in order to protect customers, especially during the transition. However, suppliers should have the flexibility to promote their products and provide different choices to customers. If their hands are tied and they cannot market their products, and meet customers’ demands and preferences, they will take their business elsewhere. The customer will be the loser for lack of choice, lack of flexibility, and lack of creativity.

D. EMERGENCY REGULATIONS REGARDING LICENSING OF COMPETITIVE SUPPLIERS AND ELECTRICITY BROKERS

A.I.M. is very supportive of the Department’s regulations in this area. It is crucial, especially during the transition, that suppliers and brokers provide all the necessary

documentation, both financial and technical, which the Department has required.

However, A.I.M. has heard from a number of suppliers concerned about the confidentiality of both purchased power contracts and certain confidential financial information. Therefore, A.I.M. would have no objections if both the Department and the Office of the Attorney General's Regulated Industries' Division kept this information confidential and not subject to public review. The important point is that suppliers provide such information to assure reliability of service and financial integrity to state officials who are responsible for ensuring both access to power and a reliable, safe system.

Lastly, A.I.M. believes that the provision requiring suppliers to state under the pains and penalty of perjury whether they, in the past five years, have been convicted of a felony or a misdemeanor involving commercial or business fraud should be required under the licensing provisions. We commend the Department for providing this additional provision for comment. The Department should provide an opportunity to explain such an event, however.

Thank you for your consideration of our comments. We understand how difficult it has been to issue such an immense number of rules and regulations in such a short period of time. Your efforts, dedication, and commitment to bring choice to the residents of Massachusetts are greatly appreciated.